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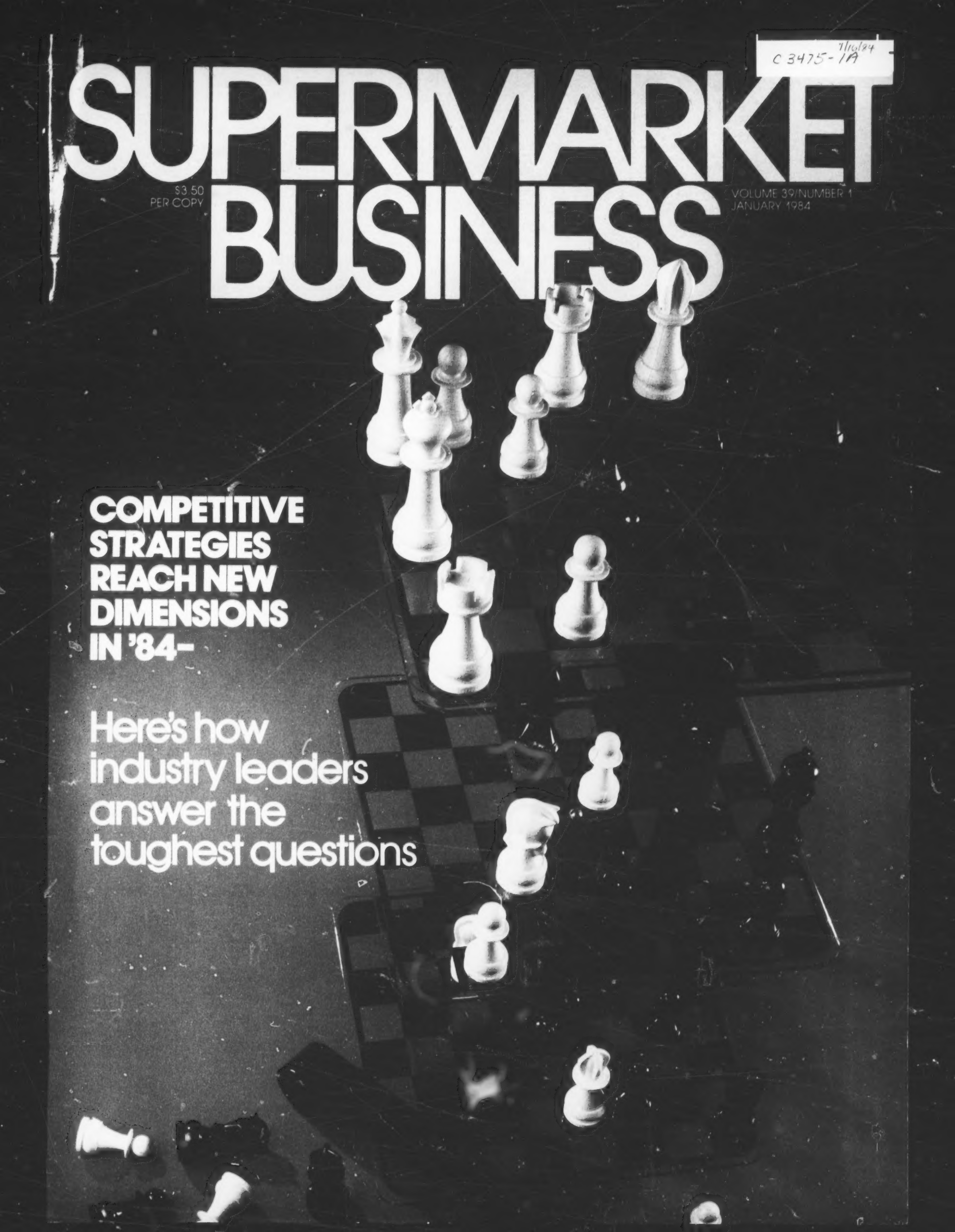

COMPETITIVE STRATEGIES REACH NEW DIMENSIONS IN '84–

Here's how industry leaders answer the toughest questions

SUPERMARKET BUSINESS

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PAGE 20

COMPETITIVE STRATEGIES REACH NEW DIMENSIONS IN '84— HERE'S HOW INDUSTRY LEADERS ANSWER THE TOUGHEST QUESTIONS

SUPERMARKET BUSINESS asked top people in the industry vital and timely questions, from the survival of the independent retailer in today's competitive marketplace, to the impact of super warehouse stores on the marketplace, to the shift to service departments to the growth of stores and even the phenomenon of bulk foods. The answers are provacative.

PAGE 32

GENERAL FOODS WANTS TO BE YOUR PREMIER FOOD COMPANY

"To me, being a premier company means being recognized as the leader in our industry by all our important constituencies," says GF's chairman and CEO Jim Ferguson. His growth plan for General Foods is ambitious. But for the man who has made GF a "different—but better—company than it was just three years ago," through solid acquisitions and shrewd readjustments, it's a plan that seems very likely to succeed.

PAGE 44

NONFOODS BUSINESS PUNCHING UP PROMOTIONS

Sensitive as nonfoods items are to impulse buying, promotions help. Retailers are taking a more assertive role in creating exciting promotions—and manufacturers are more flexible in collaborating.

PAGE 39

'AGGRESSIVE HOSPITALITY' IN TYLER, TEXAS

Strong service and very friendly staffs are the weapons here, for both the Brookshire Grocery Company—which has 40 percent of the market with eight stores—and Tom Thumb-Page, the newcomer.

FACING PAGE 52

SPECIAL SECTION: INSTORE BUSINESS*

This issue takes a look at how five retailers approach their markets differently with new bakeries and new delis that make strong statements about the stores they are part of.

*In selected editions only.

OTHER FEATURES AND COLUMNS

PAGE 5	EDITOR'S VIEW
PAGE 7	TRADESCAN
PAGE 15	TECHNOLOGY
PAGE 36	PRODUCE
PAGE 50	NEW PRODUCTS
PAGE 52	SAMI
PAGE 56	NEW PRODUCTS
PAGE 58	EXECUTIVE MOVES
PAGE 61	CALENDAR

TRADESCAN

Pharmacy Automation Forges Ahead

With perhaps as many as half of all new supers containing instore pharmacies, the drive is on among computer hardware and software firms to supply the wherewithall for system automation—such as is presently being done by Giant Foods (Landover, Md.). (See SB, Nov., 1983, p. 54.)

Two pairs of computer hardware and software producers have set their sights on carving big bites (bytes?) of the pharmacy automation business for themselves in 1984.

Sweda International, Inc., a division of Litton Industries, has teamed with Script Systems, Inc. (Hasbrouck Heights, N.J.) on the "complete in-house computer system" that the former, hardware-producing company, will begin marketing early this year to supermarkets.

Script's software package, which was designed in conjunction with a team of pharmacists and has already been successfully installed in more than 100 New York area pharmacies over the past several years, allows for the automation of many time-consuming or complicated operations. As well as handling prescription dispensing (including the preparation of labels, receipts and invoices), it also simplifies third-party insurance claims, provides patient profiles, drug interaction information and sales analyses.

Similar functions are available through the hardware/software package from Tec America and National Data Corporation. Initially being marketed to pharmacies outside supers, this package (which comprises Tec's scanning and central pricing control plus NDC's DataStat-PC pharmaceutical management systems) is equally applicable—and will eventually be marketed—to instore pharmacies, says Tec product manager Bea Wescott. ■

Study Examines American Shopping Patterns

ROCKVILLE, Md.—Shoppers are more concerned with freshness dates and with redeeming coupons than they are with using ingredient labels. Almost 75 percent of consumers use a shopping list and read newspaper ads to check for specials. These are just a few of the findings in the Wheat Industry Council's *Food, Nutrition and Dieting*, a study of American attitudes, habits, perceptions and myths. It follows last year's Advisor's Media Tour (see SB, August 1982, Baked Foods Merchandiser, p. 15A).

Conducted for the Council by Riter Marketing Research of Maryland and Market Facts of Chicago, the study measures consumer attitudes and practices with regard to both overall food consumption and nutrition knowledge and specific wheat foods in relation to other food groups. The representative sampling of 3,368 consumers was weighted to represent current U.S. population statistics.

Following are some more of the study's findings:

☐ Geographically, shoppers in the East and North have a greater tendency to redeem coupons and check ads than do those in other regions. Those in the South and West are the most likely to pay attention to ingredient labeling, while unit pricing is most prevalent in the East.

☐ The single most important item of label information for the consumer is product dating.

☐ Ingredient information is used by more consumers than is nutritional information, with 85 percent of those surveyed paying some or a lot of attention to it. Women, people with higher incomes and those with a high interest in nutrition are the most likely to read ingredient labels. Information most often looked for is sugar content, calorie level, salt content and additives/preservatives.

☐ A full 92 percent of shoppers prefer ingredients to be listed on a label using generic rather than technical terms. Terms such as nutrient density, trace minerals, empty calories and amino acids are understood by only a small percentage of the population.

☐ Instore bakeries are most prevalent in suburban and inner city areas of the North and East. In stores with bakeries, 59 percent of customers purchase fresh baked goods at least once a month, while 22 percent make purchases there every week. The average bakery shopper is somewhat older, has children and lives in the South.

☐ The news for wheat: Consumers have very positive perceptions of wheat when it is not considered as an ingredient of a more complex food, such as English muffins, pizza and pasta products. Among the non-wheat foods, fresh fruits, eggs, ground beef, chicken and whole milk received high marks for nutrition value and desirability. The Wheat Industry Council hopes to raise consumers' awareness of the benefits and true characteristics of wheat products. ■

Trend Towards Fewer Food Industry Mergers Continues

FAIR LAWN, N.J.—There were fewer mergers and acquisitions within the food industry July through September, continuing a previous, six-month trend (see "Fewer Food Mergers in '83," SB, Sept. 1983, p. 8). According to the latest data from the American Institute of Food Distribution (AIFD), during the first nine months of 1983 there was a total of 401 mergers and acquisitions, 59 less than the 460 recorded for the same period a year earlier.

In addition, the trend toward fewer multiple acquisitions—which accounts to some degree for the decreased number in the total transactions—"seems to be holding up," notes AIFD vice president Frank Panyko. Despite this leveling off, Panyko stresses that current industry merger activity continues to operate at a healthy level.

One area of the food business in which activity has increased is among supermarkets and convenience stores. Jan.-Sept., 1983 saw 16 transactions involving supermarkets, compared with 10 during these months in 1982. Among convenience stores, 14 transactions took place, up from six the year before.

One example of an acquisition involving two supermarket chains during the year's third quarter is A&P's purchase of Kohl's Food Stores in the Milwaukee, Wis., area. Through this transaction, A&P, which left Milwaukee some time ago and has since regenerated itself, gained an opportunity to re-establish itself in this market.

The majority of the supermarket acquisitions and mergers, however, involve consolidation of smaller chains, and are of little national, or industrial, concern. ■

USDA Sees Beef Glut, Calls for Sharper Marketing

NEW YORK—Already-plentiful beef supplies are likely to reach glut proportions soon—and to stay near that level at least through the first half of the year, SB has been told by the USDA.

Last summer's drought and last year's payment-in-kind (PIK) program for farmers between them comprise one of the two significant factors forcing the beef glut. The other factor is the recently enacted federal dairy program designed more closely to match milk supplies with demand for dairy products.

The drought cut into grain crop yields at the same time supplies were being depleted as a result of PIK, which paid farmers not to grow grain. Many cattlemen consequently culled their herds and initiated the oversupply of beef early last fall.

The dairy program's impact can't be accurately predicted at this point, the USDA says, but a dairy market specialist there told SB that it could result, during the first half of the year, in 575 million additional pounds of beef on the retail market.

As a result, says the Agriculture Department's Cliff Carmen, a market information specialist, "I would certainly think it would be to (supermarkets') advantage to look at any means or methods to distinguish their products from any similar or like products in the marketplace."

A growing number of supers are doing just that, reports Ross Industries, Inc. (Midland, Va.). That company's mechanical bone-in tenderizer, which can improve the chewability of an entire carcass in roughly two minutes, now is in use in 500-plus supers, and more are expected to begin using it soon both on "no roll" (meaning, not USDA graded—but not necessarily meaning not "Choice" or "Prime" in quality) and on top graded beef sub-primals.

Among those already using the Ross machine, which employs hundreds of tiny surgical-like blades to sever meat's connecting tissue without altering its flavor, chemical structure or moisture content, are Giant Foods (Landover, Md.) and Publix (Lakeland, Fla.). The latter company reports the public is so pleased with the finished product that sales have increased 26 percent since their introduction of what they call "Flavor Lean" beef. ■

NGA Meets This Month

RESTON, Va.—Independent retailers interested in learning about the issues and survival strategies that will be important in the next few years will be meeting in Orlando, Fla. later this month for the National Grocers Association's Mid-Winter Operations Conference (See Calendar, p. 60).

Between January 23 and the 25th, conference attendees will have the opportunity to hear panelists speak at, and to participate in, a variety of forums, workshops and general sessions which are consistent with the conference theme, "MARKET SHARE: Go For It!"

The Opening Address, given by Carroll Cheek of Great Scot of Florida, is entitled, "Are You Going to Let Big Business, Big Government and Big Labor Control Your Future?"

Issues to be covered in the nine workshops include: The future of the conventional supermarket, store image, promotional activities, bulk foods, the use of business computers and scanning and ATMs and EFT use by the independent retailer.

The conference's concluding forums focus on two dynamic types of food outlets: the warehouse store and the changing convenience store. ■

SAMI UPDATE: HBA Sales Still Strong Near Year's End

HBA unit volume continues to rise, promising to make 1983 a banner year for food store sales of these products.

Aided by sales vitality in three out of four cold remedy categories, four-week food store HBA unit volume rose 5.1 percent during the 28 days ending November 11. This growth rate compares with a gain of 4.3 percent during the preceding period, and represents the second-highest increase so far in 1983, behind the 7.8 percent July increase.

Of the 49 HBA product categories that SAMI tracks, 31 had four-week national unit volume increases; 17 showed declines, while volume stayed even in the low-volume proprietary tranquilizer category. The only product group with a negative volume trend was baby needs, where total volume receded 3.4 percent.

Categories with the highest growth rates were eye care products (+34.2 percent), hair setting needs (+29.9 percent), internal analgesics (+18.9 percent) and hand and body creams and lotions (+18.8 percent).

Categories with the highest four-week loss rates were infant clothes (−17.6 percent), lip care products (−12.4 percent) and hair coloring needs (−8.8 percent).

Baby needs now show negative trends both on a four-week and a 52-week basis. The current four-week loss for baby powders is 6.2 percent. Baby oils, creams & lotions had shown a good gain in the preceding period but unit sales fell 4.5 percent in the November reporting period.

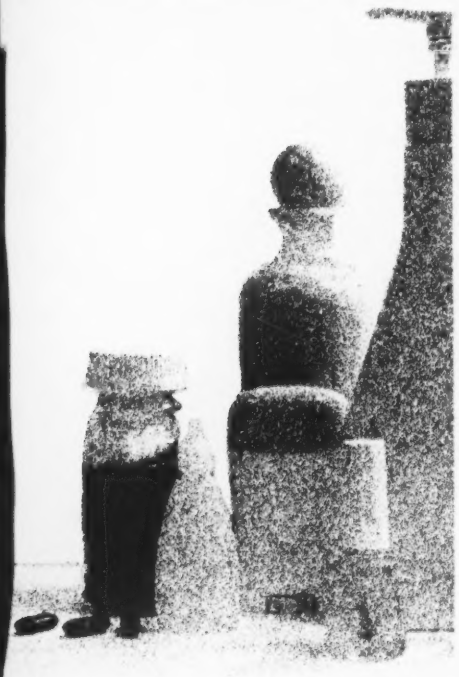
Rolling on

Deodorants as a product group moved ahead 6.0 percent, but there were four categories that exhibited unit volume declines versus the corresponding period a year earlier: spray deodorants (−4.6 percent), cream deodorants (−4.0 percent), feminine hygiene deodorants (−3.2 percent) and deodorant talcum powder (−2.7 percent). There were double-digit gains for foot deodorant and athlete's foot remedies (+15.5 percent), stick deodorants and pads (+14.1 percent) and roll-on deodorants (+10.8 percent). Four-week volume for feminine douches increased 5.3 percent.

Continuing a long-term growth trend, both first aid antiseptics and first aid products (bandages, adhesive tape, gauze, etc.) exhibited growth: +9.6 percent for antiseptics and +5.5 percent in the case of first aid products.

Among hair care needs,

NonFoods BUSINESS



which as a group grew 1.9 percent, the same three categories with annual loss rates showed further declines during the four-week period: hair coloring (−8.8 percent) home permanent kits (−6.0 percent) and hair conditioning rinses (−4.6 percent). The 29.9 percent growth rate for hair setting needs is on a small volume base. Unit sales in this category account for less than one percent of total hair care needs. The 7.4 percent increase for hair sprays represents the highest four-week gain rate in this category in many months. There is also continuing growth for hairdressing needs, particularly ethnic offerings.

In a lather

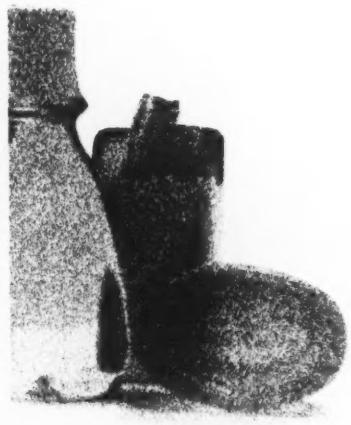
Shampoo volume was ahead 2.9 percent but the four-week growth rate lags behind the annual level of increase of 4.1 percent in this high volume category, where there are always important new product activities.

The six oral hygiene categories combined had a 2.7 percent bounce in volume, somewhat less than the 6.1 percent gain recorded in the preceding period. There were three categories with minimal volume dips—mouth wash, off 1.2 percent, denture cleaners, down 0.9 percent and denture adhesives, showing a 0.8 percent loss. The most important gains were for toothbrushes (+4.2 percent) and tooth paste and powder (+3.9 percent).

The product group registering the strongest four-week unit sales performance was proprietary remedies. The only loss here was a small drop of −1.9 percent for chest rubs. The gain of 18.8 percent for internal analgesics represents improvement over the post-Tylenol scare period in the corresponding period a year ago. Both cold tablets and nasal sprays, drops, inhalers enjoyed sales vitality, and cough remedies had

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 9/16/83	4 WEEKS ENDING 10/14/83	4 WEEKS ENDING 11/11/83
BABY NEEDS	**+ 0.5%**	**+ 2.0%**	**− 3.4%**
Baby Powders	+ 4.3	+ 0.8	− 6.2
Baby Oils, Creams & Lotions	+ 3.9	+ 5.4	− 4.5
Infant Clothes	−17.0	−12.4	−17.6
Nursing Supplies	+ 1.2	+ 5.3	+ 5.8
DEODORANTS	**+11.5%**	**+ 9.9%**	**+ 6.0%**
Sprays	+ 5.5	+ 4.5	− 4.6
Roll-On	+ 14.3	+ 9.2	+10.8
Stick Deodorants & Pads	+18.6	+19.5	+14.1
Creams	− 0.5	− 1.4	− 4.0
Deodorants & Talcum Powders	+ 8.2	− 0.9	− 2.7
Feminine Hygiene Deodorants	11.0	− 9.8	− 3.2
Foot Deodorants & Athlete's Foot Remedies	+14.8	+14.6	+15.5
Feminine Douches	+ 9.3	+ 8.5	+ 5.3
FIRST AID	**+ 9.0%**	**+10.2%**	**+ 6.3%**
Antiseptics	+ 7.9	+14.7	+ 9.6
First Aid Products	+ 9.3	+ 9.1	+ 5.5
HAIR CARE NEEDS	**+ 0.7%**	**+ 3.0%**	**+ 1.9%**
Shampoos	+ 1.6	+ 3.7	+ 2.7
Hair Sprays	+ 1.3	+ 8.4	+ 7.4
Hair Conditioning Rinses	− 3.8	− 4.6	− 4.6
Hair Setting Needs	+20.0	+22.8	+29.9
Home Permanent Kits	+ 2.5	± 0.0	− 6.0
Hair Coloring	− 1.2	− 0.0	− 8.8
Hair Dressing Needs	+ 5.8	+ 7.4	+ 5.6
ORAL HYGIENE	**+ 5.0%**	**+ 6.1%**	**+ 2.7%**
Toothpastes & Powders	+ 7.7	+ 8.3	+ 3.9
Mouthwashes	− 3.4	− 0.4	− 1.2
Breath Fresheners	− 0.3	+11.2	+ 0.8
Denture Cleaners	+ 4.1	+ 2.2	− 0.9
Denture Adhesives	− 1.1	+ 2.9	− 0.8
Toothbrushes	+ 4.8	+ 5.6	+ 4.2
PROPRIETARY REMEDIES	**− 2.3%**	**+ 1.7%**	**+ 8.7%**
Antacids	+ 0.7	− 1.2	+ 3.3
Internal Analgesics	+ 7.7	+10.0	+18.8
External Analgesics	+ 1.5	+ 0.1	+ 3.9
Cold Tablets	−13.1	+ 1.5	+12.7
Nasal Sprays—Drops—Inhalers	−10.9	− 1.6	+ 4.3
Chest Rubs	−19.8	− 2.7	− 1.9
Cough Remedies	−22.3	− 9.0	+ 4.3
Laxatives	+ 2.2	+ 7.0	+ 4.5
Sleeping Aids	+15.1	+ 9.3	+16.3
Tranquilizers	−20.9	−13.2	− 0.0
Vitamins	+ 5.8	+19.1	+12.5
Eye Care Products	+13.4	+30.2	+35.2
SHAVING NEEDS	**+ 2.2%**	**− 0.7%**	**+ 1.0%**
Shaving Creams	+17.4	+19.9	+10.0
Pre-Shave Lotions	+ 4.7	+ 3.4	+ 6.2
After-Shave Lotions	+11.7	+ 7.7	+12.2
Razor Blades	− 3.4	− 8.6	− 3.7
Razors & Blades	− 10.9	− 3.9	+ 0.6
SKIN CARE AIDS	**+ 5.3%**	**+13.3%**	**+ 6.6%**
Hand & Body Creams & Lotions	− 0.7	+16.9	+18.8
Facial Preparations	− 4.2	− 1.8	− 2.0
Lip Care Products	+20.5	+35.3	−12.4
Suntan Lotions & Oils	+12.4	+ 8.7	+ 8.8
Cosmetic & Medicated Skin Aids	+13.5	+10.5	+ 6.2
TOTAL ALL CATEGORIES	**+ 2.5%**	**+ 4.3%**	**+ 5.1%**



its first four-week gain in several months. Vitamin sales continue to rise. Eye care products sales jumped 35.2 percent, and this category has the highest rates of gain of any monitored by SAMI, for the 52-, 12- and four-week intervals. New contact lens items have contributed to much of the gain. Sleeping aid sales through food stores increased 16.3 percent, but this growth was on a relatively small volume basis. The growth rate among laxatives and stool softeners has been consistent at the four to five percent level.

In shaving needs, the four-week growth rate amounted to only 1.0 percent. Razor blade volume declined 3.7 percent, but there was strong performance for after shave lotions (+12.2 percent), shaving creams (+10.0 percent) and pre-shave lotions (+6.2 percent).

Epidermal needs

Finally, in the skin care aids product group, the score was 3-to-2 for category gains over losses. The weaknesses befell facial preparations (−2.0 percent) and lip care products (−12.4 percent). In the latter case, the minus trend contrasts with several periods marking strong volume gains. The highest volume category in this product group—hand and body creams/lotions—advanced 18.8 percent. This is a category, as is true with shampoos, in which an uninterrupted flow of new brands and items takes place, often expanding the size of the category. The 8.8 percent gain for suntan lotions and oils translates to few sales dollars in a November reporting period. The trend for cosmetic and medicated skin aids continues ahead in an upsurge that began in July.

It would appear that 1983 will end up as a banner year for the growth of health and beauty aids items in food stores. ■